

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1147

Introduced by Nebraska Retirement Systems Committee: Synowiecki, 7,
Chairperson; Erdman, 47; Karpisek, 32; White, 8.

Read first time January 23, 2008

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 79-947.04
2 and 81-2027.06, Reissue Revised Statutes of Nebraska,
3 sections 24-710.07, 24-710.10, and 81-2027.03, Revised
4 Statutes Cumulative Supplement, 2006, and section
5 79-947.01, Revised Statutes Supplement, 2007; to change
6 benefit adjustment provisions relating to the Judges
7 Retirement Act, the School Employees Retirement Act, and
8 the Nebraska State Patrol Retirement Act; and to repeal
9 the original sections.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 24-710.07, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 24-710.07 (1) Beginning July 1, 2000, and each July 1
4 thereafter, current benefits paid to a member or beneficiary shall
5 be adjusted so that the purchasing power of the benefit being
6 paid is not less than seventy-five percent of the purchasing power
7 of the initial benefit. ~~The amount of the adjustment shall be~~
8 ~~equal to the difference in the percentage change in the Consumer~~
9 ~~Price Index for Urban Wage Earners and Clerical Workers during the~~
10 ~~benefit payment period and one hundred thirty-three and one-third~~
11 ~~percent, such percentage times the initial benefit, less the total~~
12 ~~of all previous supplemental benefit and cost-of-living adjustments~~
13 ~~granted. The purchasing power of the initial benefit in any year~~
14 ~~following the year in which the initial benefit commenced shall be~~
15 ~~calculated by dividing the United States Department of Labor Bureau~~
16 ~~of Labor Statistics Consumer Price Index for Urban Wage Earners~~
17 ~~and Clerical Workers factor on June 30 of the current year by the~~
18 ~~Consumer Price Index for Urban Wage Earners and Clerical Workers~~
19 ~~factor on June 30 of the year in which the benefit commenced.~~
20 ~~The result shall be multiplied by the product that results when~~
21 ~~the amount of the initial benefit is multiplied by seventy-five~~
22 ~~percent. In any year in which applying the adjustment provided in~~
23 ~~subsection (2) of this section results in a benefit which would~~
24 ~~be less than seventy-five percent of the purchasing power of the~~
25 ~~initial benefit as calculated above, the adjustment shall instead~~

1 be equal to the percentage change in the Consumer Price Index for
2 Urban Wage Earners and Clerical Workers factor from the prior year
3 to the current year. In all other years, the adjustment provided
4 under subsection (2) of this section shall be provided. The
5 adjustment pursuant to this subsection shall not cause a current
6 benefit to be reduced.

7 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this
8 section:

9 (a) Beginning July 1, 2000, and until July 1, 2001, the
10 current benefit of a member or the beneficiary of such a member
11 shall be increased annually by the lesser of (i) the percentage
12 change in the Consumer Price Index for Urban Wage Earners and
13 Clerical Workers factor published by the Bureau of Labor Statistics
14 of the United States Department of Labor for the prior year or (ii)
15 two percent.

16 (b) Beginning July 1, 2001, the current benefit of a
17 member or the beneficiary of such a member shall be increased
18 annually by the lesser of (i) the percentage change in the Consumer
19 Price Index for Urban Wage Earners and Clerical Workers factor
20 published by the Bureau of Labor Statistics of the United States
21 Department of Labor for the prior year or (ii) two and one-half
22 percent.

23 (3) The state shall contribute to the Nebraska Retirement
24 Fund for Judges an annual level dollar payment certified by the
25 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,

1 the annual level dollar payment certified by the board shall equal
2 1.04778 percent of six million eight hundred ninety-five thousand
3 dollars.

4 (4) The board shall adjust the annual benefit adjustment
5 provided in this section so that the total amount of all
6 cost-of-living adjustments provided to the eligible retiree at
7 the time of the annual benefit adjustment does not exceed the
8 percentage change in the National Consumer Price Index for Urban
9 Wage Earners and Clerical Workers factor published by the Bureau
10 of Labor Statistics for the period between June 30 of the prior
11 year to June 30 of the present year. If the consumer price index
12 used in this section is discontinued or replaced, a substitute
13 index published by the United States Department of Labor shall be
14 selected by the board which shall be a reasonable representative
15 measurement of the cost of living for retired employees.

16 Sec. 2. Section 24-710.10, Revised Statutes Cumulative
17 Supplement, 2006, is amended to read:

18 24-710.10 The minimum accrual rate is thirty-five dollars
19 until adjusted pursuant to this section. Commencing June 30, 1999,
20 the retirement board shall annually adjust the minimum accrual
21 rate to reflect the cumulative percentage change in the National
22 Consumer Price Index for Urban Wage Earners and Clerical Workers
23 factor published by the Bureau of Labor Statistics of the United
24 States Department of Labor from the last adjustment of the minimum
25 accrual rate.

1 Sec. 3. Section 79-947.01, Revised Statutes Supplement,
2 2007, is amended to read:

3 79-947.01 (1) Beginning July 1, 2000, and each July 1
4 thereafter, current benefits paid to a member or beneficiary shall
5 be adjusted so that the purchasing power of the benefit being
6 paid is not less than seventy-five percent of the purchasing power
7 of the initial benefit. ~~The amount of the adjustment shall be~~
8 ~~equal to the difference in the percentage change in the Consumer~~
9 ~~Price Index for Urban Wage Earners and Clerical Workers during the~~
10 ~~benefit payment period and one hundred thirty-three and one-third~~
11 ~~percent, such percentage times the initial benefit, less the total~~
12 ~~of all previous supplemental benefit and cost-of-living adjustments~~
13 ~~granted. The purchasing power of the initial benefit in any year~~
14 ~~following the year in which the initial benefit commenced shall be~~
15 ~~calculated by dividing the United States Department of Labor Bureau~~
16 ~~of Labor Statistics Consumer Price Index for Urban Wage Earners~~
17 ~~and Clerical Workers factor on June 30 of the current year by the~~
18 ~~Consumer Price Index for Urban Wage Earners and Clerical Workers~~
19 ~~factor on June 30 of the year in which the benefit commenced.~~
20 ~~The result shall be multiplied by the product that results when~~
21 ~~the amount of the initial benefit is multiplied by seventy-five~~
22 ~~percent. In any year in which applying the adjustment provided in~~
23 ~~subsection (2) of this section results in a benefit which would~~
24 ~~be less than seventy-five percent of the purchasing power of the~~
25 ~~initial benefit as calculated above, the adjustment shall instead~~

1 be equal to the percentage change in the Consumer Price Index for
2 Urban Wage Earners and Clerical Workers factor from the prior year
3 to the current year. In all other years, the adjustment provided
4 under subsection (2) of this section shall be provided. The
5 adjustment pursuant to this subsection shall not cause a current
6 benefit to be reduced.

7 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this
8 section:

9 (a) Beginning July 1, 2000, and until July 1, 2001, the
10 current benefit of a member or the beneficiary of such a member
11 shall be increased annually by the lesser of (i) the percentage
12 change in the Consumer Price Index for Urban Wage Earners and
13 Clerical Workers factor published by the Bureau of Labor Statistics
14 of the United States Department of Labor for the prior year or (ii)
15 two percent.

16 (b) Beginning July 1, 2001, the current benefit to a
17 member or the beneficiary of such a member shall be increased
18 annually by the lesser of (i) the percentage change in the Consumer
19 Price Index for Urban Wage Earners and Clerical Workers factor
20 published by the Bureau of Labor Statistics of the United States
21 Department of Labor for the prior year or (ii) two and one-half
22 percent.

23 (3) The state shall contribute to the Annuity Reserve
24 Fund an annual level dollar payment certified by the board. For
25 the 1996-97 fiscal year through the 2010-11 fiscal year, the annual

1 level dollar payment certified by the board shall equal 81.7873
2 percent of six million eight hundred ninety-five thousand dollars.

3 (4) The retirement board shall adjust the annual benefit
4 adjustment provided in this section so that the total amount of
5 all cost-of-living adjustments provided to the eligible retiree
6 at the time of the annual benefit adjustment does not exceed the
7 percentage change in the National Consumer Price Index for Urban
8 Wage Earners and Clerical Workers factor published by the Bureau
9 of Labor Statistics for the period between June 30 of the prior
10 year to June 30 of the present year. If the consumer price index
11 used in this section is discontinued or replaced, a substitute
12 index published by the United States Department of Labor shall be
13 selected by the board which shall be a reasonable representative
14 measurement of the cost of living for retired employees.

15 (5) In addition to the adjustments provided in
16 subsections (1), (2), and (4) of this section, the current benefit
17 to a member or beneficiary of such member, and for which the first
18 payment was dated on or before June 30, 2007, shall be subject to
19 adjustment of the greater of (a) the annuity payable to the member
20 or beneficiary as adjusted, if applicable, under the provisions
21 of subsection (1), (2), or (4) of this section or (b) eighty-five
22 percent of the annuity which results when the original annuity that
23 was paid to the member or beneficiary, before any cost-of-living
24 adjustments under this section, is adjusted by the increase in the
25 Consumer Price Index for Urban Wage Earners and Clerical Workers

1 for the period between the commencement date of the annuity and
2 June 30, 2007.

3 Sec. 4. Section 79-947.04, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-947.04 The minimum accrual rate is eighteen dollars
6 until adjusted pursuant to this section. Commencing June 30, 1999,
7 the retirement board shall annually adjust the minimum accrual
8 rate to reflect the cumulative percentage change in the National
9 Consumer Price Index for Urban Wage Earners and Clerical Workers
10 factor published by the Bureau of Labor Statistics of the United
11 States Department of Labor from the last adjustment of the minimum
12 accrual rate.

13 Sec. 5. Section 81-2027.03, Revised Statutes Cumulative
14 Supplement, 2006, is amended to read:

15 81-2027.03 (1) Beginning July 1, 2000, and each July
16 1 thereafter, current benefits paid to a member or beneficiary
17 shall be adjusted so that the purchasing power of the benefit
18 being paid is not less than sixty percent of the purchasing power
19 of the initial benefit. The amount of the adjustment shall be
20 equal to the difference in the percentage change in the Consumer
21 Price Index for Urban Wage Earners and Clerical Workers during the
22 benefit payment period and one hundred sixty-six and two-thirds
23 percent, such percentage times the initial benefit, less the total
24 of all previous supplemental benefit and cost-of-living adjustments
25 ~~granted.~~ The purchasing power of the initial benefit in any year

1 following the year in which the initial benefit commenced shall be
2 calculated by dividing the United States Department of Labor Bureau
3 of Labor Statistics Consumer Price Index for Urban Wage Earners
4 and Clerical Workers factor on June 30 of the current year by the
5 Consumer Price Index for Urban Wage Earners and Clerical Workers
6 factor on June 30 of the year in which the benefit commenced. The
7 result shall be multiplied by the product that results when the
8 amount of the initial benefit is multiplied by sixty percent. In
9 any year in which applying the adjustment provided in subsection
10 (2) of this section results in a benefit which would be less
11 than sixty percent of the purchasing power of the initial benefit
12 as calculated above, the adjustment shall instead be equal to
13 the percentage change in the Consumer Price Index for Urban Wage
14 Earners and Clerical Workers factor from the prior year to the
15 current year. In all other years, the adjustment provided under
16 subsection (2) of this section shall be provided. The adjustment
17 pursuant to this subsection shall not cause a current benefit to be
18 reduced.

19 ~~(2)(a)~~ Except as provided in subsection (1) of this
20 section:

21 (a) Beginning July 1, 2000, and until July 1, 2001, the
22 current benefit of a member or the beneficiary of such a member
23 shall be increased annually by the lesser of (i) the percentage
24 change in the Consumer Price Index for Urban Wage Earners and
25 Clerical Workers factor published by the Bureau of Labor Statistics

1 of the United States Department of Labor for the prior year or (ii)
2 two percent.

3 (b) Beginning July 1, 2001, the current benefit of a
4 member or the beneficiary of such a member shall be increased
5 annually by the lesser of (i) the percentage change in the Consumer
6 Price Index for Urban Wage Earners and Clerical Workers factor
7 published by the Bureau of Labor Statistics of the United States
8 Department of Labor for the prior year or (ii) two and one-half
9 percent.

10 (3) The state shall contribute to the State Patrol
11 Retirement Fund an annual level dollar payment certified by the
12 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,
13 the annual level dollar payment certified by the board shall equal
14 3.04888 percent of six million eight hundred ninety-five thousand
15 dollars.

16 (4) The board shall adjust the annual benefit adjustment
17 provided in this section so that the total amount of all
18 cost-of-living adjustments provided to the eligible retiree at
19 the time of the annual benefit adjustment does not exceed the
20 percentage change in the National Consumer Price Index for Urban
21 Wage Earners and Clerical Workers factor published by the Bureau
22 of Labor Statistics for the period between June 30 of the prior
23 year to June 30 of the present year. If the consumer price index
24 used in this section is discontinued or replaced, a substitute
25 index published by the United States Department of Labor shall be

1 selected by the board which shall be a reasonable representative
2 measurement of the cost of living for retired employees.

3 Sec. 6. Section 81-2027.06, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 81-2027.06 The minimum accrual rate is thirty dollars
6 until adjusted pursuant to this section. Commencing June 30, 1999,
7 the retirement board shall annually adjust the minimum accrual
8 rate to reflect the cumulative percentage change in the National
9 Consumer Price Index for Urban Wage Earners and Clerical Workers
10 factor published by the Bureau of Labor Statistics of the United
11 States Department of Labor from the last adjustment of the minimum
12 accrual rate.

13 Sec. 7. Original sections 79-947.04 and 81-2027.06,
14 Reissue Revised Statutes of Nebraska, sections 24-710.07,
15 24-710.10, and 81-2027.03, Revised Statutes Cumulative Supplement,
16 2006, and section 79-947.01, Revised Statutes Supplement, 2007, are
17 repealed.